

Message Text

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 289

INFO AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

UNCLAS NEW DELHI 3630

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR IN

SUBJECT: STATE CHIEF MINISTERS FOOD POLICY MEETING
IN NEW DELHI

BEGIN SUMMARY: THE STATE CHIEF MINISTERS MET IN NEW DELHI ON
MARCH 16 TO CONSIDER FOOD POLICY QUESTIONS PARTICULARLY
THE PROCUREMENT PRICE AND THE PROCUREMENT TARGET FOR WHEAT
AND ADMINISTRATIVE PROCEDURES FOR PROCURING GRAIN INCLUDING
THE ROLE THAT MAY BE ASSIGNED TO PRIVATE GRAIN MERCHANTS.
AFTER DISCUSSING THE ABOVE QUESTIONS THE CHIEF MINISTERS
AGREED TO LEAVE FINAL DECISIONS TO THE CENTRAL GOVERNMENT.
AGRICULTURE MINISTER AHMED STATED THAT THE CENTRAL GOVERNMENT WILL
ANNOUNCE ITS DECISION WITHIN THE NEXT ONE OR TWO WEEKS.
END SUMMARY

1. THE STATE CHIEF MINISTERS AND STATE FOOD MINISTERS MET WITH
CENTRAL GOVERNMENT OFFICIALS IN NEW DELHI ON MARCH 16 TO
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CONSIDER PERTINENT QUESTIONS CONCERNING WHEAT PROCUREMENT

FROM THE UPCOMING SPRING HARVEST.

2. ON THE QUESTION OF WHEAT PROCUREMENT PRICES, ALL SURPLUS PRODUCING STATES STRONGLY OPPOSED THE PROCUREMENT PRICE OF RS. 90-100 PER QUINTAL FOR DIFFERENT WHEAT VARIETIES AS PROPOSED BY THE AGRICULTURAL PRICES COMMISSION. DIFFERENT STATE MINISTERS ARGUED THAT GOVERNMENT PROCUREMENT PRICES SHOULD BE WITHIN THE RANGE OF RS. 105 TO RS. 125 PER QUINTAL. MOST REPRESENTATIVES OF WHEAT IMPORTING STATES SUPPORTED THE PROCUREMENT PRICES RECOMMENDED BY THE AGRICULTURAL PRICES COMMISSION. THEY CONTENDED THAT HIGHER PRICES WOULD LEAD TO FURTHER INFLATION AND HIGHER COSTS OF LIVING. ALL SPOKESMEN, HOWEVER, AGREED THAT THE MOST PRESSING PROBLEM AT PRESENT IS TO INCREASE THE AVAILABLE SUPPLY OF FOODGRAINS IN DEFICIT STATES. AFTER DISCUSSING THE PROCUREMENT PRICE QUESTION IT WAS AGREED TO LEAVE THE FINAL DECISION TO THE CENTRAL GOVERNMENT. MINISTER AHMED SAID THE CENTRAL GOVERNMENT WILL ANNOUNCE ITS DECISION WITHIN ONE OR TWO WEEKS.

3. WHEAT PROCUREMENT TARGETS WERE NOT DISCUSSED IN DETAIL APPARENTLY BECAUSE OF THE UNCERTAINTY OF THE SIZE OF THE FORTHCOMING WHEAT HARVEST. MINISTER AHMED SAID THAT THE GRAIN PRODUCTION TARGET OF 67 MILLION TONS FROM THE KHARIF (FALL AND WINTER HARVESTED) CROPS HAD BEEN MORE OR LESS ACHIEVED. HE ALSO STATED THAT THE 48 MILLION TON PRODUCTION TARGET FROM RABI (PREDOMINANTLY SPRING HARVESTED) CROPS MAY NOT BE ACHIEVED BECAUSE OF THE FAILURE OF WINTER RAINS AND THE SHORTAGE OF FERTILIZER.

4. THE POSSIBLE FUTURE ROLE OF PRIVATE GRAIN MERCHANTS WAS DISCUSSED AT THE CHIEF MINISTERS CONFERENCE AND APPARENTLY IN MANY SIDE CONFERENCES IN NEW DELHI DURING THE PAST FEW DAYS. HERE AGAIN A FINAL DECISION WAS NOT MADE AS TO THE ROLE PRIVATE GRAIN MERCHANTS MAY PLAY IN THE PROCUREMENT AND DISTRIBUTION OF WHEAT FROM THE APPROACHING HARVEST. THE GENERAL CONSENSUS SEEMS TO BE THAT CENTRAL AND STATE GOVERNMENTS WILL DEVELOP SOME KIND OF A WORKING ARRANGEMENT WHEREBY GRAIN MERCHANTS WILL BE PERMITTED TO PARTICIPATE IN WHEAT TRADE.

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5. COMMENTS: IT NOW APPEARS LIKELY THAT THE PROCUREMENT PRICE OF WHEAT WILL BE INCREASED TO ABOUT RS. 105 PER QUINTAL FOR THE MORE COMMON VARIETIES. THIS COMPARES TO RS. 95 PER QUINTAL RECOMMENDED BY THE AGRICULTURAL PRICES COMMISSION AND TO THE PROCUREMENT PRICE OF RS. 76 PER QUINTAL APPLICABLE TO THE 1973 WHEAT CROP. OTHER VARIETIES OF LOWER OR HIGHER QUALITY WILL BE PRICED ACCORDINGLY. IT ALSO SEEMS EVIDENT THAT THE

STATE TAKE-OVER OF WHOLESALE TRADE IN WHEAT WILL BE MODIFIED
TO PERMIT PARTICIPATION BY PRIVATE GRAIN MERCHANTS.
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